



Arnold Schwarzenegger  
Governor

September 16, 2010  
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Mr. Ron Crossley, Executive Director  
Southeast Los Angeles County  
Workforce Investment Board  
10900 E. 183<sup>rd</sup> Street, Suite 350  
Cerritos, CA 90703

Dear Mr. Crossley:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Southeast Los Angeles County Workforce Investment Board's (SELACO) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

Our review was conducted from November 17, 2008 through November 21, 2008 under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SELACO with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with SELACO representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SELACO's response to Sections I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on June 16, 2009, and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed finding 1 cited in the draft report, no further action is required and we consider the issue resolved.

Your response did not adequately address findings 2 – 10 cited in the draft report and we consider these findings unresolved. We request that SELACO provide the Compliance Review Office (CRO) with additional information and corrective action plans to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 90146, 90147, 90148, 90149, 90150, 90151, 90152, 90153, and 90154.

### **BACKGROUND**

The SELACO was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, SELACO was allocated: \$789,795 to serve 188 adult participants; \$803,574 to serve 80 youth participants; and \$ 942,808 to serve 211 dislocated worker participants.

For the quarter ending September 30, 2008, SELACO reported the following expenditures for its WIA programs: \$134,087 for adult participants; \$26,647 for youth participants; and \$15,477 for dislocated worker participants. In addition, SELACO reported the following enrollments: 282 adult participants; 82 youth participants; and 95 dislocated worker participants. We reviewed case files for 30 of the 270 participants enrolled in the WIA program as of November 17, 2008.

### **PROGRAM REVIEW RESULTS**

While we conclude that, overall, SELACO is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU), Universal Access, Local Workforce Investment Board (WIB) composition, Youth Council composition, management information system (MIS), follow-up services, 90-day gap in services, eligibility, supportive services, and incentive payments. The findings that we identified in these areas, our recommendations, and SELACO's proposed resolutions of the findings are specified below.

#### **FINDING 1**

**Requirement:** WIA 118 (c)(1-2)(A)(i-iv)(B) describes the development and contents of MOUs between the local board and One-Stop partners.

20 CFR 662.200(b) states, in part, that the required partners in the One-Stop delivery system include entities that are responsible for administering programs including employment and training activities carried out under the Community Services Block Grant.

20 CFR 662.230(c) states, in part, that required One-Stop partners must enter into a MOU with the local Workforce Investment Board (WIB) relating to the operation of the One-Stop system that meets the requirements of Section 662.300, including a description of services and methods for referrals.

**Observation:** The SELACO does not have a signed MOU with its required One-Stop partner, the Community Family Guidance Center (CFGC), an agency that receives Community Services Block Grant funding.

**Recommendation:** We recommended that SELACO provide CRO with a Corrective Action Plan (CAP), including a timeline, for entering into a MOU with its required partner. We also recommended that SELACO provide CRO with a copy of this MOU once it is signed by all required parties and fully executed.

**SELACO Response:** The SELACO stated that CFGC does not receive Community Services Block Grant (CSBG) funding. The Board member who represents this agency also represents the Los Angeles Community Action Board (LACAB), a board that recommends the distribution of CSBG funds.

In addition, SELACO stated that, based on everything they could find, there are no CSBG Employment and Training funds distributed in their seven-city area and consequently, CSBG is not a required One-Stop partner and no MOU is required.

**State Conclusion:** We reviewed an Internet printout, *LA County Resources, CSBG Resource Guide 2008-09*, and agree that there are no CSBG Employment and Training funds distributed in SELACO's seven-city area.

We consider this finding resolved.

## **FINDING 2**

**Requirement:** 29 USC Section 794(a) states, in part, that no otherwise qualified individual with a disability shall be excluded from the participation in any program or activity receiving Federal financial assistance.

28 CFR 36.304(b) states, in part, that an example of a step to remove barriers includes installing accessible door hardware.

WSD07-6 states, in part, that recipients must ensure the accessibility to their training programs and activities for all individuals and must provide building entrance doors that can be opened with one hand.

**Observation:** We observed that the office of one of SELACO's youth providers, Community Youth Corps (CYC), is not accessible to individuals requiring an accommodation to open an entrance door. For example, individuals using wheelchairs are unable to enter the building to receive services and no alternate access or accommodations are made for these individuals. Although the primary building entrance door has a keypad, which is designed to dial the CYC office for assistance in gaining access to the building, we noticed that the dialing mechanism was out of order and no plans were in place to repair the mechanism.

**Recommendation:** We recommended that SELACO provide CRO with a CAP, including a timeline, to ensure that all services offered by CYC are accessible to all individuals requiring an accommodation to open an entrance door.

**SELACO Response:** The SELACO stated that they notified the building manager at CYC that the building access dial directory was out of order and that it impacted youth seeking assistance. They stated they would continue to follow-up with the building manager and, in the interim, would leave one side of the double-sided entrance doors open for clients and would place a sign to inform clients that staff were available to assist them during business hours. The SELACO provided a photocopy of a sign which states, "We are pleased to provide assistance. If you need help, please ask us."

**State Conclusion:** Based on SELACO's response, we cannot resolve this issue at this time. The SELACO's stated corrective actions of leaving one side of the double door open and providing a sign are inadequate. As CYC shares this building with other offices, and their own offices are beyond the entrance lobby and out of sight from the front doors, SELACO has no way of making certain that one door always remains open during business hours. Further, it is unclear where the sign was placed and what effect it would have on assisting clients in gaining entrance to the building since

no phone number was listed and no directions for an alternate entry way were given.

Further, SELACO did not provide a timeline for its stated corrective action in following up with the building manager at CYC.

We again recommend that SELACO provide CRO with a CAP, including a timeline, to ensure that all services offered by CYC are accessible to all individuals requiring an accommodation to open an entrance door. Until then, this issue remains open and has been assigned CATS number 90146.

### **FINDING 3**

#### **Requirement:**

20 CFR 661.315(d) states, in part, that a majority of the members of the local WIB must be representatives of businesses in the local area.

WIA Section 117 (b)(2)(A)(i-vi) states, in part, that the composition of the local WIB shall include representatives of community-based organizations (CBOs) and of local labor organizations.

20 CFR 661.315(a) states, in part, that the local WIB must contain two or more members representing CBOs.

California Senate Bill 293 (SB-293) imposes State-level requirements pertaining to WIA policies and procedures by amendments to the California Unemployment Insurance Code (CUIC). Implementation guidance for SB-293 was issued in WIA Directive WIAD06-21, which states in part, that at least 15 percent of local WIB members shall be representatives of labor organizations. These individuals shall be nominated by local labor federations and shall include a representative of an apprenticeship program. If the local labor federation fails to nominate enough members to meet the 15-percent requirement, the local Chief Elected Official (CEO) should document the good faith efforts made to meet this requirement and then at least 10 percent of the local board members shall be representatives of labor organizations.

#### **Observation:**

We observed that the composition of the WIB does not include the required majority of representatives of businesses in the local area. Specifically, the official composition of the WIB is 26

members. Of these 26 members, only 13 representatives are from the local business sector. As a result, the WIB needs one additional business member to establish a business majority.

We also observed that the composition of the WIB does not include one of the required two representatives of CBOs.

We also observed that the composition of the WIB does not include the required 15 percent of labor representatives. Specifically, of the 26 member WIB, only two members represent labor. As a result, the WIB needs two additional members to meet the 15 percent requirement.

**Recommendation:** We recommended that SELACO provide CRO with a CAP, including a timeline, for appointing the required business, CBO, and labor representatives to the WIB. We also recommended that once these positions are filled, SELACO provide CRO with an updated roster of all members.

**SELACO Response:** The SELACO provided a WIB roster (dated June 9, 2009) and stated that the roster shows that they currently have 25 members; 13 members represent business, two members represent CBOs, and three members represent labor.

In addition, SELACO provided copies of e-mail correspondence (dated November 6, 2008 and June 3, 2009) with a representative from the California Labor Federation (CLF) regarding the appointment of additional labor representatives. This correspondence documented, in part, that SELACO requested additional labor representatives and was informed by CLF that the nomination for such was imminent.

SELACO stated that they are in compliance with Section 14202(c) of the California Unemployment Insurance Code which states, in part, that if the local labor federation fails to nominate enough members, then at least 10 percent of the local board members shall be representatives of labor organizations.

**State Conclusion:** The SELACO's stated corrective action should be sufficient to resolve the portion of this issue as it relates to the 10 percent requirement for labor representation on the WIB.

However, based on SELACO's documentation of WIB membership, we cannot resolve this issue at this time. Although the roster provided by SELACO shows an appointment of one

additional member representing a CBO on December 6, 2008 and one additional member representing labor on December 16, 2008, it also shows that, of the 25 members listed, only 12 members represent business. As a result, the WIB needs one additional business member to establish a business majority.

We recommend that SELACO provide CRO with a CAP, including a timeline, for appointing the required business representatives to the WIB. We also recommend that once these positions are filled, SELACO provide CRO with an updated roster of all members. Until then, this issue remains open and has been assigned CATS number 90147.

#### **FINDING 4**

**Requirement:** WIA Section 117(h)(2)(A)(iv) states, in part, that the Youth Council shall include representatives of youth service agencies, including juvenile justice and local law enforcement agencies; representatives of local public housing authorities; and parents of eligible youth.

**Observation:** We observed that the composition of the SELACO Youth Council does not include representatives from juvenile justice or local law enforcement agencies, from local public housing authorities, or a parent of an eligible youth.

These vacancies were previously noted in CRO's Final Monitoring Reports for PY 2003-04, PY 2005-06, and PY 2006-07. Furthermore, we saw no evidence of efforts to fill these vacancies.

**Recommendation:** We recommended that SELACO provide CRO with a CAP, including a timeline, for appointing the required representatives. We also recommended that once these positions are filled, SELACO provide CRO with an updated roster of all members.

**SELACO Response:** The SELACO stated that they created a Youth Council Brochure as a recruitment tool in an effort to encourage participation in the Youth Council. A copy of this brochure was provided. In addition, SELACO stated that they created a compact disc for use by council members to take out to their communities and also hold regular orientations that encourage participation.

The SELACO stated that there is not a local Public Housing Authority within their seven-city service area and that the closest

Authority is located in Long Beach where a representative serves on the Long Beach Youth Council.

The SELACO stated that, regardless of the various efforts made, it has been challenging to maintain active membership. However, SELACO will continue efforts to recruit representation from the population identified.

**State Conclusion:** Based on SELACO's response, we cannot resolve this issue at this time. The SELACO's stated corrective action does not include a timeline for appointing the required members. In addition, we found that The Community Development Commission of the County of Los Angeles serves as the County's Housing Authority, administering both the Section 8 Housing Choice Voucher and Public Housing programs. This agency serves the entire county, including the seven cities within SELACO's service area.

We again recommend that SELACO provide CRO with a CAP, including a timeline, for appointing the required representatives. We also recommend that once these positions are filled, SELACO provide CRO with an updated roster of all members. Until then, this issue remains open and has been assigned CATS number 90148.

## **FINDING 5**

**Requirement:** WIA Section 185(c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems designed to facilitate the uniform compilation and analysis of programmatic, participant, and financial data necessary for monitoring and evaluating purposes. In addition, WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

20 CFR 667.399(b)(1) states, in part, that a state may impose different forms or formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIAD04-17 states, in part, that all recipients of WIA funds will submit client data via the Job Training Automation (JTA) Reporting System, complying with the specifications for each data



field. In addition, this Directive defines activity codes for the enrollment forms.

**Observation:**

Of the 24 case files reviewed for CYC, we observed 14 instances where the information in the case files was not the same as what was reported in JTA, as specified below.

1. We observed nine instances where the participants received supportive services but this activity was not reported in JTA.
2. We observed three instances where the participants received follow-up services after exit but this activity was not reported in JTA.
3. We observed two instances where participant information relating to claimed exit outcome codes was incorrectly reported in JTA. One case file showed that the participant was exited as "Entered Advanced Training" (code 03) but there was no documentation in the case file to substantiate this. One case file showed that the participant was exited as "Entered Postsecondary Education" (code 04) but there was no documentation in the case file to substantiate this.

**Recommendation:**

We recommended that SELACO provide adequate documentation to substantiate that the activity codes for supportive services and follow-up services, for the CYC participants referenced above, have been reported to JTA.

We further recommended that SELACO provide adequate documentation to substantiate the claimed exit outcomes for the CYC participants identified above or back these codes out of the JTA system.

**SELACO Response:** The SELACO submitted JTA printouts for five of the nine participants receiving supportive services and for all three of the participants receiving follow-up services which documented that these activities were reported to JTA.

In addition, SELACO stated that the remaining four participants receiving supportive services were exited from the program and therefore the JTA codes could not be changed. The SELACO stated they were requesting assistance from the JTA staff to resolve this.

In addition, SELACO stated that there was an error in claiming exit outcomes in the two instances identified above. However, since both participants were exited from the program, the JTA codes could not be changed. The SELACO stated they were requesting assistance from the JTA staff to resolve this.

**State Conclusion:** The SELACO's stated corrective action should be sufficient to resolve the portion of this issue as it relates to the five participants receiving supportive services and to the three participants receiving follow-up services.

However, based on SELACO's response for the remaining participants who were exited, we cannot resolve these portions of the issue at this time. Even though the six participants were exited from the WIA program, SELACO can submit a *Request for Correction to Previously Submitted Data* form to the JTA Help Desk in order to reflect the accurate data. Since the exit dates were not within PY 2008-09, the JTA Help Desk, upon review, may make a formal notation in the system.

We again recommend that SELACO provide adequate documentation to substantiate the activity codes for supportive services and for claimed exit outcomes for the CYC participants identified above have been accurately reported in the JTA system. Until then, this issue remains open and has been assigned CATS number 90149.

## **FINDING 6**

**Requirement:** 20 CFR Section 667.300 (b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIAD04-17 states, in part, that follow-up contact information is mandatory for four quarters after a client's exit unless specified otherwise in the entity's contract. A follow-up contact is a check to determine a client's employment and educational status after exiting the WIA program.

**Observation:** Of the 24 case files reviewed for CYC, we observed three instances in which the participants were exited but the case files did not contain the required follow-up for all, or some, of the four quarters after exit. One participant was missing follow-up for the

first, second, and third quarters and two participants were missing follow-up for all four quarters.

**Recommendation:** We recommended that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, quarterly follow-up is conducted as required after a participant's exit.

**SELACO Response:** The SELACO stated that their CAP is to remind staff of the following: to use monthly reports of quarterly follow-up due (that are generated by the Primeworks case management system), to enter follow-up data as it occurs into the Primeworks case management system, and to print copies of the completed follow-up forms for the case files.

**State Conclusion:** Based on SELACO's response, we cannot resolve this issue at this time. The SELACO's stated corrective action does not include a timeline.

We again recommend that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, quarterly follow-up is conducted as required after a participant's exit. Until then, this issue remains open and has been assigned CATS number 90150.

## **FINDING 7**

**Requirement:** WIA Section 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

TEGL 17-05 Section 6(B) states, in part, that exit from the program occurs once a participant has not received any services funded by the program or a partner program for 90 consecutive calendar days, has no planned gap in service, and is not scheduled for future services. Post-employment follow-up services do not count as a service that would extend the participation period. The exit date is the last day on which the individual received a service funded by WIA or a partner program.

**Observation:** Of the 24 case files reviewed for CYC, we observed seven instances that showed gaps in services for 90 days or longer.

Although the dates on the JTA enrollment form indicated that the participants were enrolled in an activity, educational achievement or employment services, there was no documentation in the case files to substantiate that these activities or services were provided during the period of inactivity. Specifically, the participants' inactivity ranged from four months to 17 months. As of November 21, 2008, one of the seven participants had been exited.

**Recommendation:** We recommended that SELACO provide CRO with documentation to demonstrate that services were being provided to those participants referenced above. If no services were being provided to those participants referenced above, provide documentation that they were exited from the WIA program as of the last date of service.

In addition, we recommended that SELACO have CYC review the case files for all its active youth participants to ensure that services were being provided to these individuals. If no services were being provided to these individuals, have CYC exit them from the program as of the last date of service. Once completed, we recommended that SELACO provide the results of this review to CRO.

**SELACO Response:** The SELACO stated that it accepted the State's recommendation and, after conducting a sweep of all its active youth participants utilizing the MIS report of a participant approaching a 90-day lapse, they found six of seven participants had been exited. They submitted JTA exit or activity forms for six participants.

**State Conclusion:** Based on SELACO's response, we cannot resolve the issue at this time. The JTA exit forms submitted by SELACO were for only five of the seven requested participants referenced above. One of the JTA forms was for an incorrect participant. In addition, one of the forms showed that the estimated end date for two activity codes had been extended into the future (code 81, June 18, 2009 and code 72, December 9, 2009) but no documentation was submitted to substantiate that these activities or services were being provided to the participant. In addition, SELACO did not submit any forms or documentation for two of the participants referenced above.

Further, we recommended that SELACO have CYC review the case files for all its active youth participants to determine, based on documentation contained in the case files themselves,

whether or not services were being provided to participants. Instead, SELACO ran an MIS report that generated data showing only whether or not the estimated end dates for participants enrolled in activity codes were approaching the 90-day limit before soft exits would occur.

However, the issue is not what activity codes were entered into JTA system but that the case files did not contain documentation demonstrating the WIA activities or services were provided.

Again, we recommend that SELACO provide CRO with documentation to demonstrate that services were being provided to the three participants referenced above. If no services were being provided to these participants, provide documentation that they were exited from the WIA program as of the last date of service.

In addition, we again recommend that SELACO have CYC review the case files for all its active youth participants to ensure that services are being provided to these individuals. If no services are being provided to these individuals, have CYC exit them from the program as of the last date of service. Once completed, we recommend that SELACO provide the results of this review to CRO. Until then, this issue remains open and has been assigned CATS number 90151.

## **FINDING 8**

### **Requirement:**

20 CFR 664.200 states, in part, that an eligible youth is an individual who is age 14 through 21, is a low income individual, and is within one or more of the following categories: deficient in basic literacy skills; school dropout; homeless, runaway, or foster child; pregnant or parenting; offender; or is an individual (including a youth with a disability) who requires additional assistance to complete an educational program, or to secure and hold employment.

WIAD04-18, which transmits Title I Eligibility Technical Assistance Guide (TAG), provides guidelines for documenting general and youth eligibility. The TAG requires the use of acceptable documentation and it includes the economic eligibility criteria and additional requirements for youth. The latter refers to barriers, at least one of which a youth must have, in order to be determined eligible for WIA services, in addition to meeting the

economic eligibility criteria (unless they are to be served through the five-percent exception window).

Although local areas have the flexibility and discretion to design documentation and verification systems, One-Stop operators, their subrecipients, and applicants must make reasonable efforts to document eligibility for WIA-funded programs. *The use of applicant statements may be prudently used to document those items that are not verifiable or are unreasonably difficult for the applicant to obtain* [emphasis added]. However, an applicant statement is not considered a primary documentation source.

**Observation:** Of the 24 case files reviewed for CYC, we observed eight instances in which the participant files were missing acceptable documentation to substantiate that the participants were eligible for services.

The CYC used applicant statement forms in every case to substantiate each participant's eligibility. Specifically, seven of the applicant statements reported income and family size and one applicant statement reported income and lay-off status. The case files show that no effort was made by CYC to obtain eligibility documentation prior to accepting applicant statements.

**Recommendation:** We recommended that SELACO provide CRO with acceptable documentation to substantiate the eligibility of the eight participants referenced above.

We also recommended that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, acceptable eligibility determination documentation is collected and maintained in each youth participant case file, as required.

Finally, we recommended that SELACO provide guidance to CYC to ensure their understanding of eligibility determination and the documentation required to be collected and maintained in each youth participant case file.

**SELACO Response:** The SELACO stated that no further documentation would be submitted to CRO for review, outside of the applicant statements noted above. In addition, SELACO stated that they held a meeting with CYC staff on MIS Forms/Eligibility Documentation on March 5, 2009. A copy of the Sign-up Sheet was provided which listed the names and signatures of seven staff members. The SELACO stated that this meeting was held to go over all

reporting forms, documentation, and system case management reporting process in their efforts to keep everyone informed of WIA requirements.

In addition, SELACO stated that they scheduled August 4, 2009 as their CAP and timeline to conduct a follow-up meeting with CYC staff and to reiterate compliance with all local and state/federal programmatic requirements.

**State Conclusion:** Based on SELACO's response, we cannot resolve the issue at this time. The documentation collected from the case files was inadequate to substantiate eligibility for services for the eight participants listed above.

The SELACO's stated corrective action should be sufficient to resolve the portion of this issue as it relates to providing guidance and follow-up with CYC. However, we cannot resolve this portion of the finding until we verify implementation of SELACO's stated corrective actions during a future on-site review.

We again recommend SELACO provide CRO with acceptable documentation to substantiate the eligibility of the eight participants referenced above. Further, if no further documentation is provided, we recommend SELACO provide CRO with documentation to demonstrate that all costs associated with the eight participants are backed out of the WIA account and charged to a non-federal funding source. In addition, we recommend SELACO provide documentation to substantiate that the eight participants referenced above be removed from the reporting measures for the WIA Youth Common Measures, grant code 301. Until then, this issue remains open and has been assigned CATS number 90152.

## **FINDING 9**

**Requirement:** WIA Section 101(46) states, in part, that supportive services are those services that are necessary to enable an individual to participate in authorized activities.

WIA Section 134(e)(2) states, in part, that supportive services may be provided to those who are participating in programs with authorized activities and who are unable to obtain these services through other programs.

20 CFR 662.240(b)(10) states, in part, that a One-Stop partner program's applicable core services include assistance in establishing eligibility for programs of financial aid assistance for training and education programs that are not funded under the Act and are available in the local area.

20 CFR 663.320 states, in part, that WIA funding for training is limited to participants who are unable to obtain grant assistance from other sources. It further states that program operators must coordinate training funds and make funding arrangements and must consider the availability of other sources of grants to pay for training costs such as Welfare-to-Work, State-funded training funds, and Federal Pell Grants, so that WIA funds supplement other sources of training grants. Finally, it states that if a Pell grant is received, the training provider must reimburse the One-Stop operator for WIA funds used to underwrite the training for the amount of the Pell Grant.

OMB Circular A-87 Appendix A(C) states, in part, that for a cost to be allowable under an award, the cost must be necessary and reasonable and must be adequately documented.

**Observation:**

Of the 24 case files reviewed for CYC, we observed two instances in which the participants received supportive service payments, including training costs, for expenses related to attending a community college. There was no documentation in the case files that any efforts were made to determine eligibility for other financial aid assistance, including Pell grants, prior to using WIA funds to pay for these services.

**Recommendation:**

We recommended that SELACO take action to apply for student financial aid assistance for the two identified participants who will be continuing in training. We also recommended that SELACO provide CRO with the results of this action.

In addition, we recommended that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, it will provide assistance to its applicants in establishing eligibility for other programs of financial aid assistance available in the local area prior to using WIA funds to paying for any services.

**SELACO Response:** The SELACO stated that one of the participants had been exited from the program on December 5, 2007 and thus they were not able to assist the student in applying for financial aid assistance.



The SELACO also stated that the other participant was in the process of completing training but did not provide documentation to substantiate the specific date of when training would end.

In addition, SELACO stated that it accepted the state's recommendation and their CAP will be for students assigned to receive training, they must first access school financial aide services prior to using WIA funds to cover training cost. Staff must confirm that efforts were made to qualify for Pell Grant and/or other financial aid programs before releasing WIA funds.

**State Conclusion:** Based on SELACO's response, we cannot resolve the issue at this time. We agree with SELACO that they cannot further assist the participant that was exited or the participant that was still in training (as the deadline for submitting the application for federal financial aid passed on June 30, 2010).

The SELACO did not provide a timeline for its stated corrective action in providing assistance to participants who may be eligible for other financial assistance.

We again recommend that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, it will provide assistance to its applicants in establishing eligibility for other programs of financial aid assistance available in the local area prior to using WIA funds to paying for any services. Until then, this issue remains open and has been assigned CATS number 90153.

## **FINDING 10**

**Requirement:** WIA Section 101(46) states, in part, that supportive services are those services that are necessary to enable an individual to participate in authorized activities.

WIA Section 129(a) states, in part, that youth funds may be used to provide incentives for recognition and achievement to eligible youth.

20 CFR 664.440 states, in part, that supportive services for youth may include assistance with transportation, assistance with housing, and assistance with uniforms or other appropriate work attire including eye glasses.

OMB Circular A-122 Attachment A(2) states, in part, that for a cost to be allowable under an award, the cost must be adequately documented.

**Observation:**

Of the 24 case files reviewed for CYC, we observed 16 instances where costs were not adequately documented in the case files to substantiate supportive services or incentive payments. These costs totaled \$2,804.31

Specifically, one youth participant received supportive services payments, which totaled \$1,173.31, for expenses that were incurred prior to enrolling in WIA, or that were invoiced to another individual, or that were duplicate costs.

Eight youth participants received supportive services payments, which totaled \$351, for transportation costs and services, but there was no documentation in the case file to indicate that the participants used the supportive service payments for the purpose intended. For example, the case file contained a copy of a gas card given to a participant but did not contain a copy of the receipt for gas purchased in that amount.

Seven youth participants received incentive payments, which totaled \$1,280, for completing planned goals, but there was no documentation in the case file to indicate that the participants earned these incentives.

**Recommendation:**

We recommended that SELACO provide documentation to substantiate that the payments, which totaled \$2,804.31, are allowable WIA expenses or provide documentation that this amount, or parts thereof, has been reimbursed to the WIA account or to the State.

In addition, we recommended that SELACO provide CRO with a CAP, including a timeline, describing how, in the future, it will ensure that all supportive services and incentive payments are properly documented in the case file with adequate justification to substantiate the services and payments.

In addition, we recommended that SELACO review the case files for all youth participants for PY 2007-08 and PY 2008-09 for its youth service provider, CYC, to ensure that all supportive services and incentive payments provided were justified and

correctly substantiated. Once completed, we recommended that SELACO provide the results of this review to CRO.

**SELACO Response:** The SELACO stated that it accepted the state's recommendation and submitted various documentation for review. The SELACO stated that the participant who received supportive services payments, which totaled \$1,173.31, had been exited.

For the eight youth participants who received supportive services payments, which totaled \$351 for transportation costs and services, SELACO submitted documentation (receipts) to substantiate costs for two participants that totaled \$59.

For the seven youth participants who received incentive payments, which totaled \$1,280 for completing planned goals, SELACO submitted documentation (certificates, employment verifications, and sign-in sheets) to substantiate costs for five participants that totaled \$1,090.

In addition, SELACO submitted JTA exit forms for five of the participants listed above.

The SELACO also submitted a copy of the CYC Skillz Menu and VIP Club Incentives Menu that list various program goals and activities and their associated incentive amounts.

The SELACO also stated that it will include supportive services and incentive payment processes in its August 4, 2009 CYC in-house staff training. As of the date of this report, no documentation was received to substantiate this training occurred.

**State Conclusion:** Based on SELACO's response, we cannot resolve the issue at this time. The SELACO did not provide documentation to substantiate the costs for supportive services and incentives, which total \$1,655.31, for the participants listed above, whether or not they have been exited from the WIA program.

The SELACO's stated corrective action should be sufficient to resolve the portion of this issue as it relates to providing guidance and follow-up with CYC. However, we cannot resolve this portion of the finding until we verify implementation of SELACO's stated corrective actions during a future on-site review.

We again recommend SELACO provide CRO with acceptable documentation to substantiate that the payments, which totaled \$1,655.31 are allowable WIA expenses or provide documentation that this amount, or parts thereof, has been reimbursed to the WIA account or to the State. Until then, this issue remains open and has been assigned CATS number 90154.

In addition to the findings above, we identified a condition that may have become a compliance issue if not addressed. Specifically, we found that one of SELACO's youth providers was using the Test of Adult Basic Education (TABE) locator test in lieu of the TABE Survey or TABE Complete Battery assessment. The TABE locator test is given to help determine which level of a main assessment to administer and should never be used in place of a main assessment such as the TABE Survey or TABE Complete Battery. We suggested that SELACO review its youth provider's literacy and numeracy testing processes to ensure that the TABE standardized assessment is conducted according to the instructions provided by the TABE system. Furthermore, we suggested that SELACO take the necessary corrective action to revise its system to measure literacy and numeracy gains to ensure that the results will be acceptable as a claimed performance outcome. We strongly suggested that SELACO contact its Regional Advisor for additional information and assistance.

The SELACO did not respond to our concern and we conducted a follow-up activity regarding the use of the TABE assessment tests on April 14, 2010. This consisted of reviewing youth participant files for all youth enrolled into the WIA Youth grant after July 1, 2009. Based on the results of this review, no further action is required and we consider this concern resolved.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than October 14, 2010. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SELACO's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable

Mr. Ron Crossley

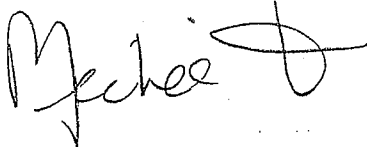
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- State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SELACO's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mrs. Jennifer Shane at (916) 654-1292.

Sincerely,



& JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Georganne Pintar, MIC 50  
Gilbert Von Studnitz, MIC 50